

FACTSHEET

Instructions: If a question does not apply, **DO NOT DELETE IT**, just put "NA". Please try to keep it to **ONE** page only. Submit **one original**, with your Request Form, to City Clerk.

TITLE: Lease of City property
located at approximately 344 North 27th Street

BOARD/COMMITTEE: None

APPLICANT: Urban Development Department

RECOMMENDATION: For

STAFF RECOMMENDATION: For

OTHER DEPARTMENTS AFFECTED: None aware of

SPONSOR: Urban Development

OPPONENTS: None known

REASON FOR LEGISLATION:

Article VII, Section 3 of the City Charter provides that contracts in connection with properties of the City's proprietary functions and leases in which the City is to be either the lessee or lessor, may be consummated for such periods and on such terms as the Council may by ordinance authorize.

DISCUSSION / FINDINGS OF FACT:

The City of Lincoln has received an offer to lease a portion of Lots 15, 16 and 17, Block 4, Sunnyside Addition which is located at approximately 344 N. 27th Street from Lobo's City Mex, Inc. who leases the adjacent business at 340 N. 27th Street. The two year lease will generate \$855 a month for a total of \$10,260 per year with an option to renew for four additional two (2) year terms. The City has plans to enhance the property with a new parking lot, lighting, and landscaped areas. The Lessee will assume maintenance responsibilities during the lease period except for those landscaped areas as shown on said parking lot plan. The terms of the lease will also require the Lessee to pay for the lighting, real estate taxes and any special assessments. Construction of the parking lot by the City will be completed later this summer. The City has the option to terminate the lease if a developer comes forward with an approved redevelopment plan of the area.

Previously, a dilapidated vacant residential house occupied the property for years and prior to the City's purchase had sustained considerable fire damage. In June of 2010, the City purchased the property for \$64,500 which was only its commercial land value. The building was razed, and the adjacent tenant expressed interest in leasing the property. The tenant would be interested in purchasing the City's property, but only if they could also buy the land where their business is located. To this date, they have not been able to purchase that property so the City and the tenant are moving forward with the lease.

Funding for the new parking lot will come from North 27th Street Tax Increment Funds, and proceeds from the lease will go back into the fund to be used for operating costs and other projects within the TIF district. The lease of the property will allow the City to recoup part of its investment until it can be sold and relieve the City of some of its maintenance issues with owning the property. For these reasons, we recommend approval of the lease.

POLICY OR PROGRAM CHANGE: ☐ Yes ☒ No

OPERATIONAL IMPACT ASSESSMENT: N/A

COST OF TOTAL PROJECT: Estimated costs - Parking Lot - \$116,000; Landscaping - \$12,000

RELATED ANNUAL OPERATING COSTS: N/A

SOURCE OF FUNDS:

CITY: Tax Increment Financing

NON-CITY: N/A

FACTSHEET PREPARED BY: Michelle Backemeyer, Ernesto Castillo

DATE: June 3, 2014

REVIEWED BY: David Landis

DATE: June 4, 2014